



THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, DC 20350-1000

JUN 16 2003

R-ME

MEF

The Honorable Duncan L. Hunter
Chairman, Committee on
Armed Services
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Notification of a prime vendor-type contract award is submitted pursuant to Public Law 105-261, Section 346, and Public Law 106-065, Section 336. The Navy proposes to award a Performance Based Logistics (PBL) contract to General Electric Aircraft Engines (GEAE), Lynn, Massachusetts, in support of 25 internal components used in the F404 engine, which powers the F/A-18A-D aircraft. The four reporting requirements are addressed below:

Competitive Procedures: The proposed contract was synopsized in the Commerce Business Daily, and was the subject of a pre-solicitation conference hosted by the Naval Inventory Control Point (NAVICP). All but one of the 25 items are certified sole-source to GEAE for both repair and replacement. The remaining item can be repaired, but not replaced, by two approved sources, GEAE and Orenda Aerospace. Orenda Aerospace attended the pre-solicitation conference, and subsequently advised NAVICP in writing that it was not interested in providing a proposal. No other firms expressed any interest. For this reason, the contract was solicited on a sole-source basis from GEAE as authorized by a properly executed Justification and Approval for other than full and open competition, which was approved on December 12, 2002. The exception to the Competition in Contracting Act was Title 10 USC 2304 (c) (1), "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

Business Case Analysis Summary of Costs and Benefits:
A business case analysis conducted by NAVICP demonstrated projected minimum savings over the base period of the contract to be \$72,113,703.

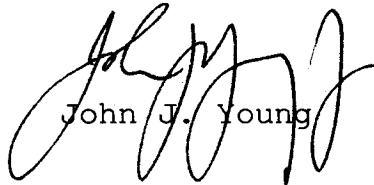
Conformance to Requirements of Title 10 USC 2466:

Award of this contract will not cause the Navy to exceed statutory limits prescribed by Title 10 USC 2466. Workload will continue to be performed by an organic depot under this contract. The contractor will form a partnership with the Naval Air Depot Jacksonville to provide repair touch labor for the items under this contract.

Conformance to Requirements of Title 10 USC 2464: The proposed contract is consistent with the core logistics policies, requirements and restrictions in 10 USC 2464. As noted above, the proposed contract will be supported by an industry-government partnership. The Navy will continue to maintain core logistics capability after award of this contract.

A similar letter has been sent to Chairmen Warner, Stevens, and Lewis. As always, if I can be of any further assistance, please let me know.

Sincerely,



John J. Young

Copy to:

The Honorable Ike Skelton
Ranking Minority Member